Bridge & Tank

Company of Canada Limited

Annual Report

1974

A birdseye view of the Burnstown bridge being erected near Renfrew. 500 tons of box (bathtub) girders were shipped by truck from Hamilton and erected 80 feet above the river. Girders were 10 ft. wide, 8 ft. 6" deep, and 140 ft. long.

DIRECTORS

W. A. Andres, *Toronto*
H. B. Martin, *Toronto*
H. C. Rynard, *Toronto*
Harold Tanenbaum, *Toronto*
Howard Tanenbaum, *Toronto*
Joseph M. Tanenbaum, *Toronto*
Max Tanenbaum, *Toronto*
G. H. Tidswell, *Burlington*

OFFICERS

Harold Tanenbaum — *Chairman of the Board*
G. H. Tidswell — *President*
W. H. Vokey — *Vice-President Manufacturing*
J. Bracewell — *Secretary and Treasurer*

1600 tons of structural steel fabricated by Hamilton Bridge Division for Ontario Hydro's Pickering Service Building, using a 110 ton crawler crane from Foran's, a wholly owned subsidiary.

OPERATING UNITS

HAMILTON BRIDGE DIVISION
HAMILTON

BRIDGE & TANK WESTERN DIVISION
WINNIPEG

F. Dring — *General Manager*

FORAN'S CRANE & EQUIPMENT
SERVICE LIMITED
HAMILTON

R. Cordiner — *General Manager*

TRANSFER AGENTS

ROYAL TRUST COMPANY

On behalf of the Directors I submit herewith the audited financial statements of the company and its subsidiaries for the year ended December 31, 1974.

Consolidated net earnings for the year were $81,001. on sales of $19,847,254. compared to a re-stated net earnings of $576,871. on sales of $19,806,931. in 1973. During 1974 the company changed its method of accounting from the completed contract basis to the percentage completion basis. This accounting change had the effect of decreasing net earnings by $56,152. which would have been reported as earnings in the previous year under the percentage completion basis. The comparative statement for 1973 has been re-stated to give effect to this accounting change resulting in a reduction of $115,488. in the 1973 comparative earnings. After the above adjustments and provisions for preferred share dividends this represents a loss of .01 per common share compared to a re-stated profit of .46 per common share in 1973.

The earnings in the Hamilton Bridge Division were adversely affected by the rapid escalation of materials and financing costs in 1974. Contracts completed in this period were essentially booked on a firm contract price basis in the latter part of 1972 and during 1973 and the normal profits expected were not realized. The closing of contracts booked at more profitable margins did not materialize to the extent expected due to extended delays in material deliveries, engineering services, and shortages of skilled manpower which consistently disrupted the progress on these contracts.

The earnings of the Western Division increased marginally over those of the previous year. The company disposed of the old inefficient plant in Winnipeg on March 1974 and centralized all its personnel and operations in the newer North Kildonan plant. Despite the additional costs incurred in moving machinery and equipment to the new location, earnings were improved over 1973.

The crane rental division earnings were substantially higher than the previous year. This division participated in a major furnace re-lining contract for a primary steel producer which contributed to the improved earnings.

The company enters 1975 with a sales backlog of $14,500,000. in the Hamilton Bridge Division and $1,800,000. in the Western division, which will ensure capacity operations to the fourth quarter. This backlog comprises contracts booked at more satisfactory profit margins and should result in improved earnings in the coming year.

Capital expenditures during the year amounted to $1,536,577. These additions, principally in the Hamilton Plant were for additional machining capacity in the Mechanical division, and the addition of large capacity shot blast equipment and material handling facilities in the structural division.

The company reached agreements with the United Steel Workers covering the hourly paid workers of the Hamilton and Winnipeg fabricating divisions for the two year period to May 31, 1976. New contracts with the Ironworkers and Hoisting engineers unions will be negotiated in mid 1975 and it is hoped that reasonable agreements will result from these negotiations.

Effective February 4, 1975 Mr. G. H. Tidswell, formerly Vice-President, was elected President of the company replacing Mr. V. G. Lamont who resigned in January 1975.

I wish to thank the Board of Directors, officers and employees of the company for their sincere and conscientious efforts during the past year.

Submitted by

H. Tanenbaum

H. Tanenbaum,
Chairman of the Board

March 24, 1975

ASSETS	1974	1973
CURRENT ASSETS:		
Cash	$ 126,194	$ 24,760
Guaranteed investment certificate	—	190,000
Accounts and notes receivable	3,963,863	3,837,606
Due from parent company	63,272	—
Income taxes recoverable	73,586	—
Inventories (note 1(b)):		
Contracts and other work in process	3,077,749	2,676,741
Raw materials and stores	2,336,080	1,923,391
	5,413,829	4,600,132
Marketable securities at cost (1974 market value $353,710; 1973 $349,370):		
Available for contract and other deposits	337,783	99,578
Contract and other depostts	85,910	324,115
	423,693	423,693
Prepaid expenses	16,173	21,984
TOTAL CURRENT ASSETS	10,080,610	9,098,175
Mortgage receivable	30,726	38,513
Funds provided for the purchase of preference shares (note 4)	100,000	100,000
Property, plant and equipment, less depreciation (note 2):		
Buildings, machinery and equipment	12,631,509	11,959,567
Less accumulated depreciation	6,950,939	6,990,740
	5,680,570	4,968,827
Land	171,850	241,011
	5,852,420	5,209,838
Excess of cost of investment in a wholly-owned subsidiary over underlying net book value at date of acquisition	216,845	216,845
Financing and organization expenses, less amounts written off	1,390	3,080
	$16,281,991	$14,666,451

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bridge & Tank Company of Canada Limited and subsidiary companies as of December 31, 1974 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Bridge & Tank Company of Canada Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1974 WITH COMPARATIVE FIGURES FOR 1973

LIABILITIES AND SHAREHOLDERS' EQUITY	1974	1973
CURRENT LIABILITIES:		
Bank indebtedness, secured (note 3)	$ 4,596,312	$ 3,473,498
Accounts payable and accrued charges	1,968,301	2,235,252
Due to parent company	–	287,389
Advance billings on uncompleted contracts	1,136,953	14,897
Income taxes payable	–	95,723
Other taxes payable	260,237	237,537
Deferred income taxes	–	42,360
Long term debt due within one year	–	213,576
TOTAL CURRENT LIABILITIES	7,961,803	6,600,232
Deferred income taxes	654,498	388,681
Shareholders' equity:		
Capital stock (note 4):		
$2.90 Sinking Fund Preference shares	1,600,850	1,600,850
Common shares	1,815,166	1,815,166
	3,416,016	3,416,016
Amount arising from appraisals of fixed assets, unchanged during the year	746,669	746,669
Retained earnings (note 5)	3,503,005	3,514,853
	7,665,690	7,677,538
Commitments (note 6)		
	$16,281,991	$14,666,451

On behalf of the Board:
Harold Tanenbaum *Director*
G. H. Tidswell *Director*

evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of the other subsidiary.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiary companies as of December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the basis of valuing contracts and other work in process as described in note 1(b) to the financial statements, on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Hamilton, Ontario February 17, 1975

CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1974 WITH COMPARATIVE FIGURES FOR 1973

	1974	1973
Sales	$19,847,254	$19,806,931
Costs, including selling and administrative expenses	18,464,883	17,917,517
Depreciation	589,668	551,025
Direct remuneration of directors and senior officers	198,671	213,977
	19,253,222	18,682,519
Operating profit	594,032	1,124,412
Other income:		
Income from sundry investments	44,642	23,952
Gain on disposal of property, plant and equipment	20,246	43,409
	64,888	67,361
	658,920	1,191,773
Other expenses:		
Interest on long term debt and financing expenses	7,042	16,892
Other interest	445,144	201,016
	452,186	217,908
Earnings before income taxes and extraordinary item	206,734	973,865
Income taxes:		
Current (recoverable)	(148,016)	57,240
Deferred	273,500	339,754
	125,484	396,994
Earnings before extraordinary item	81,250	576,871
Extraordinary item arising from disposal of former subsidiaries:		
Gain on sale of property and equipment net of applicable taxes	7,830	–
Loss on sale of shares	(8,079)	–
	(249)	–
Net earnings for the year	$ 81,001	$ 576,871
Earnings (loss) per common share (after deducting preference share dividend requirement)	(.01)	.46

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1974 WITH COMPARATIVE FIGURES FOR 1973

	1974	1973
Retained earnings at beginning of year:		
As previously reported	$ 3,482,701	$ 2,859,979
Adjustment of prior years' net earnings (note 1(b))	56,152	171,640
Less adjustment of prior years' income taxes (note 7)	(24,000)	(24,000)
As restated	3,514,853	3,007,619
Net earnings for the year	81,001	576,871
	3,595,854	3,584,490
Dividends on preference shares (note 5)	92,849	69,637
Retained earnings at end of year	$ 3,503,005	$ 3,514,853

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1974 WITH COMPARATIVE FIGURES FOR 1973

	1974	1973
Funds provided:		
Net earnings for the year	$ 81,001	$ 576,871
Add (deduct) items not requiring (providing) working capital during the year:		
Depreciation	589,668	551,025
Deferred income taxes	273,500	339,754
Gain on sale of property, plant and equipment	(36,615)	(43,409)
Loss on sale of investments in shares of subsidiary companies	8,079	—
Other	5,448	9,543
Working capital provided by operations	921,081	1,433,784
Proceeds from sale of property, plant and equipment	271,191	119,030
Proceeds from sale of shares of subsidiary companies	200,000	—
Reduction in mortgage receivable	7,787	6,714
Total funds provided	1,400,059	1,559,528
Funds applied:		
Working capital of subsidiary companies sold	149,769	—
Purchase of property, plant and equipment	1,536,577	1,221,074
Reduction of long term debt	—	217,982
Dividends on preference shares	92,849	69,637
Total funds applied	1,779,195	1,508,693
Increase (decrease) in working capital	(379,136)	50,835
Working capital at beginning of year	2,497,943	2,447,108
Working capital at end of year	$ 2,118,807	$ 2,497,943

See accompanying notes to consolidated financial statements.

BRIDGE & TANK COMPANY OF CANADA LIMITED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1974

1. Summary of significant accounting policies:

   (a) Basis of consolidation:

   The consolidated financial statements at December 31, 1974 include the accounts of the company and all subsidiary companies, as well as the operating results of two former subsidiary companies to April 30, 1974, the date on which the investments therein were sold.

   (b) Inventories:

   In order to provide a better matching of sales and related costs the basis of valuing contracts and other work in process was changed during 1974 from the completed contract basis to the percentage of completion basis. This change in the basis of accounting has been given retroactive effect with the result that retained earnings at January 1, 1973 has been increased by $171,640 with consequent reductions in net earnings of $115,488 ($.111 a share) in the year ended December 31, 1973 and $56,152 ($.054 a share) in the year ended December 31, 1974.

   Raw material and stores are valued at cost or replacement value, whichever is lower.

   (c) Depreciation and retirements:

   Depreciation is provided on buildings, machinery and equipment on a straight line basis over the estimated useful lives of those assets. The annual rates of depreciation used are as follows:

Buildings	2½% or 5% depending on construction
Roadways	2%
Machinery and equipment	10% to 12½%
Automotive equipment	15%
Jigs and dies	50%

   On the sale or retirement of items of property, plant and equipment the cost and related accumulated depreciation are eliminated from the accounts and the gain or loss is reflected in income.

   (d) Pension plans:

   The company maintains two pension plans. Substantially all employees are eligible to join one of the two plans and the majority of the employees are covered by the plans. The company's current and past service contributions to the plans for the year ended December 31, 1974 amounted to $312,600 which amount has been charged to operations.

   (e) It is not proposed at this time to amortize the excess of cost of investment in a wholly-owned subsidiary over the underlying net book value at date of acquisition.

2. Property, plant and equipment are stated as follows:

Buildings, machinery and equipment:	
On the basis of an appraisal report by Stone & Webster Engineering Corporation dated January 29, 1954, with subsequent additions at cost, less accumulated depreciation $4,033,200	$4,616,745
At cost, less accumulated depreciation $2,834,531	1,039,366
At values determined by the Board of Directors of a subsidiary company, as of August 31, 1955, with subsequent additions at cost, less accumulated depreciation $83,208	24,459
	$5,680,570
Land:	
On the basis of an appraisal report by Lounsbury & Lounsbury Ltd., dated January 18, 1954	$ 117,600
At cost	54,250
	$ 171,850

3. The bank indebtedness is secured by a general assignment of book debts, inventories under Section 88 of the Bank Act, marketable securities, and a floating charge on other assets.

4. Capital stock:

   (a)

	Shares	Amount
Authorized:		
Preference shares, par value $50 each	192,467	
Less redeemed to date	450	
Authorized for issuance	192,017	
Common shares of no par value	3,000,000	
Issued:		
$2.90 Sinking Fund Preference shares	32,467	$1,623,350
Less redeemed to date	450	22,500
Issued and outstanding	32,017	$1,600,850
Common shares issued and outstanding	1,043,694	$1,815,166

   (b) The issued preference shares are non-participating and carry a fixed cumulative dividend of $2.90 per share per annum. The shares are redeemable at $51 per share.

   (c) Under the terms of the sinking fund provisions in respect of the issued preference shares, the company has set aside $100,000 in cash to be used for the purchase of preference shares for cancellation.

5. Dividend arrears on the $2.90 Sinking Fund Preference shares are $8.70 per share or $278,548, unchanged during the year.

6. Commitments:

   (a) Capital commitments at December 31, 1974 amount to approximately $231,000.

   (b) The liability for past service costs under the companies' pension plans remaining to be accrued is approximately $817,000 at December 31, 1974 (1973, $936,900) based on actuarial studies made as at December 31, 1971. The amount of $817,000 is being amortized at the rate of $97,900, including interest, annually to December 31, 1976 and thereafter at the rate of $87,100. including interest, to December 31, 1989.

   (c) The company has entered into future exchange contracts for $375,450 U.S. maturing at various dates.

7. During 1974 the company was re-assessed for income taxes applicable to the years 1969 - 1972. Accordingly the balance of retained earnings at December 31, 1972 has been restated to reflect the settlement of $24,000 in 1974.

HAMILTON BRIDGE DIVISION

OFFICES AND PLANT:
390 Gage Avenue North,
Hamilton, Ontario.

PARTIAL LIST OF PRODUCTS:
Bridges, Tank and Plate Work, Structural Steel,
Long Span Joists, Bins, Storage Tanks, Alliance Cranes,
Custom Machine Shop Services.

WAREHOUSE STEEL DIVISION:
Beams, Channels, Angles, Plates, Floor Plates,
Round and Flat Bars.

BRIDGE & TANK WESTERN DIVISION

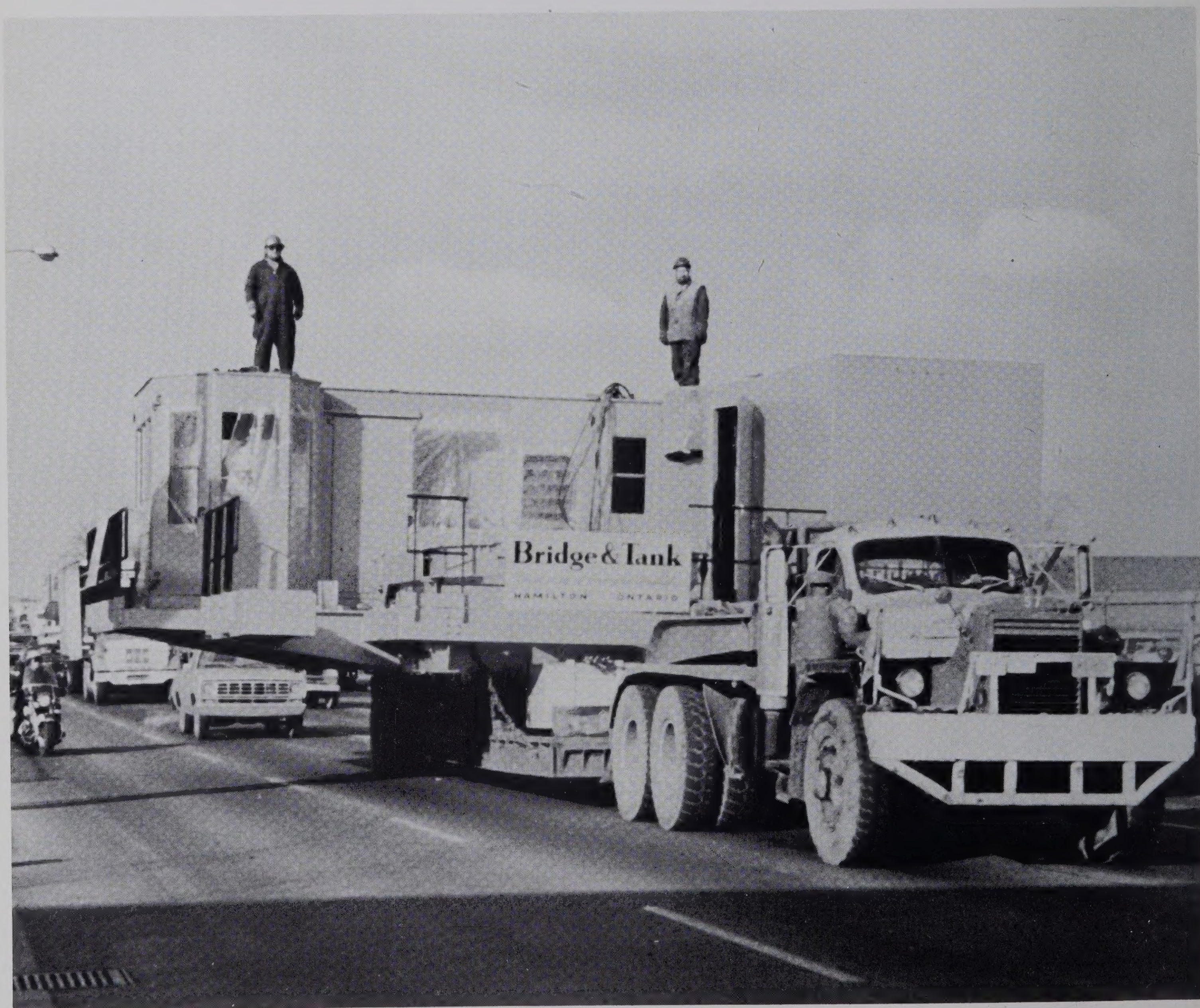
50 Vulcan Avenue,
Winnipeg, Manitoba.

PARTIAL LIST OF PRODUCTS:
Structural Steel and Bridge Fabrication, General Plate
Fabrication, Conveying and Material Handling Equipment,
Miscellaneous Iron, and Custom Machine Work.

FORAN'S CRANE & EQUIPMENT SERVICE LIMITED

449 Woodward Ave., Hamilton, Ontario.

Provides a complete crane rental service.
Equipment ranges from 5 ton to 140 ton capacity,
on wheeled and crawler machines.
Services include steel and cement hoisting,
machinery moving.



Major portion of a coke oven coal charging car for a steel mill weighing 55 tons.

Complete unit is self-propelled, air-conditioned and capable of loading 50,000 tons per 24 hr. period.